

El Salvadorian Farmers Become Entrepreneurs

Challenge

During the early 1990's, the Salvadoran economy began to recover after twelve years of civil war. More than half the country's rural population lived in poverty - an estimated two million people. Farmers had few opportunities to increase their income and lacked access to credit, while the government was slow to stimulate investment in rural areas. This limited the growth of agricultural exports.



Photo: Jeremy Butcher

Men examine produce for sale.

Today, credit unions are solid financial institutions that serve a large, traditionally marginalized clientele in an operationally and financially sustainable manner.

Results

Several of the rural organizations assisted through this activity are still active and are delivering valuable services to their members/clients. The type of services delivered include: agricultural processing, purchase and sale of inputs, and training on organic and other production techniques. Thirteen credit unions provide credit to rural clients. But perhaps the project's most lasting impact was changing attitudes in rural communities and organizations by helping farmers think and act like entrepreneurs.

Initiative

USAID provided \$13 million to create the Equitable Rural Economic Growth Activity, which sought to assist El Salvadorian farmers through three main goals: strengthen rural organizations, expand financial services to the poor, and improve agricultural policy.

The activity helped thirty-eight cooperatives and farmer associations improve their ability to deliver useful services to their members, and increase the production and sale of their crops through managerial, technological, and marketing assistance.

To expand farmers' access to financial services, the activity worked with credit unions providing saving and lending services. The project team identified weaknesses that severely hampered the unions' microcredit operations and introduced new types of savings accounts while training staff on modern credit, finance, and accounting techniques.